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In this issue:

The Georgia Tech Findings

Checks and the Payments Mechanism

by Charles D. Salley

The urban commuter is exasperatingly aware of overcrowding on the expressways. But he is not quite as aware of the similar congestion he is causing in banks and clearing houses by writing increasingly more checks. He wrote six checks in 1971 for every check his father wrote in 1941.

The country's banking system is presently accommodating this massive flow of payments. If it were not, we would be spending most of our time bartering in the market square. Nonetheless, bankers, and more recently, retailers and manufacturers, have become concerned with the congestion caused by paper checks. They wish to ensure that an institution as vital as the payments mechanism does not ensnarl commerce in a painful awareness of its immobility. Consequently, they are taking a much closer look at our payment habits.

How Are Our Payments Made?

In this country, payments are generally made in two ways. One way is known as a credit transfer, that is, direct payment with cash, a money order, or a money wire. Funds flow directly from buyer to seller or from employer to employee. A second way payments are made is with a bank check. This method is known as debit collection. The buyer gives the seller a check as payment. The seller or his bank presents the check to the customer's bank in order to collect, or debit, the actual funds.

Debit collection appears somewhat round-about, but it is safer than cash transactions, more convenient for the customer, and, therefore, by far the most popular method of payment. In December 1971, funds in U. S. checking accounts totaled $178 billion, whereas currency totaled only $53 billion.

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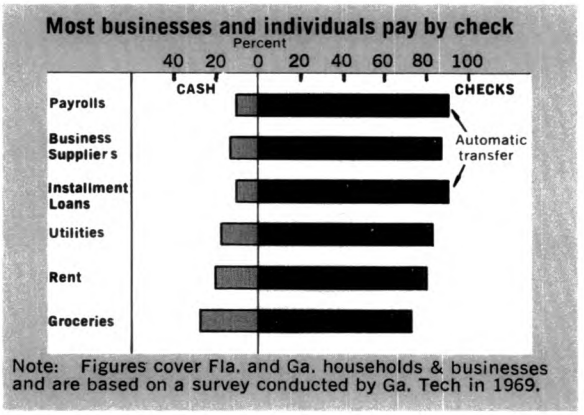


Check payments were initially quite simple when commerce was very local. Both parties used the same bank, and the check was merely a convenient order to the banker to transfer funds from one account to another. The check eliminated the need to carry about large amounts of cash to make payments. Today, though, with nationwide markets and more than 13,000 banks, the collection of a single check may involve numerous banks and many separate handlings. A period of several days may elapse before the check writer's account is finally debited.

The banking system has adapted well to this increased complexity of the payments system. The installation of automated equipment and the universal adoption of magnetic ink characters for check routing have accommodated the growth of U. S. check volume from less than 4 billion checks in 1941 to an estimated 23 billion checks in 1971. In fact, few other industries can boast of so timely a move to automation with so high a degree of standardization.

Nonetheless, the rate of growth in check volume will accelerate, since incomes are increasing even more rapidly than population. By 1980, the number of checks could exceed 40 billion. This means the banking system must work even harder—not to increase services, but simply to maintain existing payments services in the face of growing volume.

The question now is whether this future growth in the number of checks should be accommodated by further improving the existing debit collection mechanism or by developing an entirely new automated system of direct credit transfers of funds. Such credit transfers would eliminate the need for multiple handling of paper checks.

In the area of paychecks, for instance, improving the existing payments mechanism would mean installing more and improved check collection equipment to process salary checks from the growing number of businesses. There would be little disruption of current practices. The second route, automating credit transfers, would mean developing a mechanism whereby an employer would request his bank to debit his company account and directly credit the accounts of his employees. The transactions would take place electronically in the bank's computer, thus eliminating the paper checks altogether. Numerous approaches along both lines have been proposed and feasibility studies undertaken.

The Georgia Tech Payments Study

Fundamental to any improvement in the payments mechanism, however, is a precise understanding of how the existing system functions. Consequently, in May of 1969, the Federal Reserve Bank of Atlanta contracted the Georgia Tech Research Institute to examine payments transactions in Florida and Georgia. The study in its first phase aimed to quantify the operations involved in processing payments information. This is prerequisite to the Institute's forthcoming analysis of alternative payments system approaches. The project's assessment of the existing payment flow network was released in June 1971.

As mentioned previously, it is anticipated that growth in the number of checks will accelerate as per capita income increases. Such an assertion is based on the surmise, perhaps from personal experience, that families with higher incomes are more likely to maintain checking accounts and to write more checks. It was the purpose of the Georgia Tech study either to make such claims plausible or to refute them. Accordingly, these were the first questions to be answered: How do people make payments? What types of people maintain checking accounts? How many checks do they write, and to whom are these checks written?

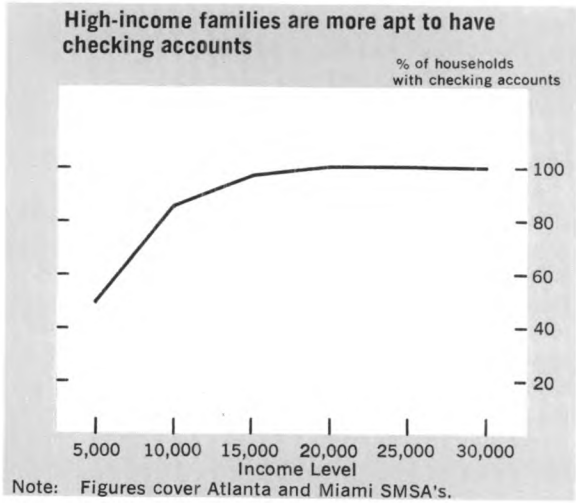
The approach to answering these questions was two-pronged. Approximately 10,000 households and 17,000 businesses in Florida and Georgia were surveyed. The responses were then compared with the actual activity of 7,000 checking accounts sampled at 50 banks. Comparisons were also made with demand deposit accounting tapes from computers of seven large banks in Florida and Georgia and with commercial account analysis tapes from Atlanta city banks. The magnetic tapes provided reliable information on activities of 390,000 accounts.

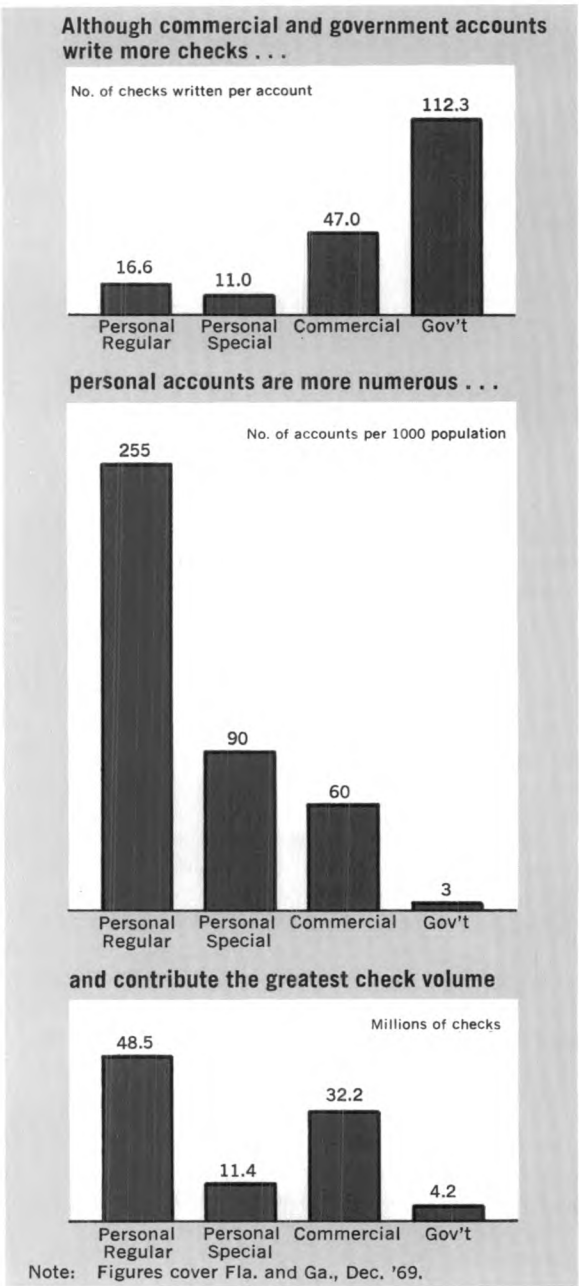
Who Pays By Check?

The great majority of households and businesses in the Georgia-Florida area, make payments in the form of checks. Direct cash transfers remain in use primarily in the purchase of groceries and in the payment of rents. Money orders are used by even fewer households.

On the innovative side of the spectrum, a small percentage of business firms have begun making payroll deposits directly to the accounts of their employees. An equally small percentage of households have preauthorized their banks to automatically make recurring payments on installment loans, insurance premiums, and utilities. These are two examples of direct funds transfers within the banking system.

The use of checks rather than cash or money orders by households does appear to be related to the level of income. Fewer than half of the households earning less than $5,000 annually maintained a checking account. On the other hand, virtually all households earning $15,000 or more had one or more accounts. The number of checks written also increased with the level of income.





These personal accounts, although each writing only about half as many checks as the average business account, are by far the most numerous. Personal accounts produced about 60 percent of all checks written in Florida and Georgia during the survey period. Government accounts are the most active type of account; but there are, of course, much fewer of them. Altogether, checking accounts in the two-state area produced 96,359,000 checks during the one-month survey period.

Who, then, are the recipients or payees of this vast number of checks? Two very prominent categories emerged. The major recipients of personal checks (40 percent) are retail stores, and the payees of the majority of business checks (50 percent) are salaried and hourly employees.

The Clearing System

The Georgia Tech study was also interested in the speed, or transit time, of the existing check collection system and in the number of times each check is handled by a different bank. One long-standing criticism of the debit collection system is the length of time taken for a check to clear. The route and time taken to collect a particular check is recorded by the endorsement each clearing bank places on the reverse side of the check.

The study revealed that the average personal check written in Atlanta and mailed to another, area accumulated three endorsements and required

6.8 days to clear. The actual average bank clearing time from the date of deposit, though, was only 2.9 days. This indicates that the longest delay in the check clearing mechanism is the time taken by mailing and by payee delay from the date of issue to the date of first deposit. Some checks take up to 25 days to reach the bank of first deposit (Table 1).

The higher average number of banks involved in clearing checks within Atlanta is partly explained by the large percentage of intown checks cleared through the Atlanta Federal Reserve Bank. This indicates that although all check clearing operations are basically identical, local institutional arrangements can affect the flow pattern.

Generally, banks send intown items through a local clearing house. They send their out-of-town transit items either directly to correspondent banks in other cities or they utilize the Federal Reserve clearing system. All interregional payments are ultimately settled on the Federal Reserve System's books.

Funds Transfers and Credit Cards

Two additional areas of payments practices deserve attention. One of these is the study's interest in the extent to which businesses employ the direct funds transfer method of payments rather than checks. When large sums of money are involved, a delay in collection results in a sizable loss of interest. For this reason, many businesses regularly require large blocks of funds to be transferred directly by wire. The Federal Reserve handles this more prompt method of payment through the newly expanded electronic switching center in Culpepper, Virginia.

Such wire transfers were found to be common among only 5 percent of Atlanta and Miami businesses that have fewer than 20 employees. On the other hand, the proportion using wire transfers reached 63 percent of those Atlanta firms employing 1,000 or more persons. Moreover, the principal use of the wire transfer in these two states appears to be for the transfer of receipts.

The second widely used substitute for cash and checks is the credit card. The study found that 76 percent of all households in the Atlanta area have at least one credit card and that 83 percent of the households in Florida metropolitan areas use a credit card (Table 2). Retail store credit cards were the most frequently held, followed by oil company and bank cards. As in the case

TABLE 1

TRANSIT TIMES FOR PERSONAL ACCOUNT CHECKS

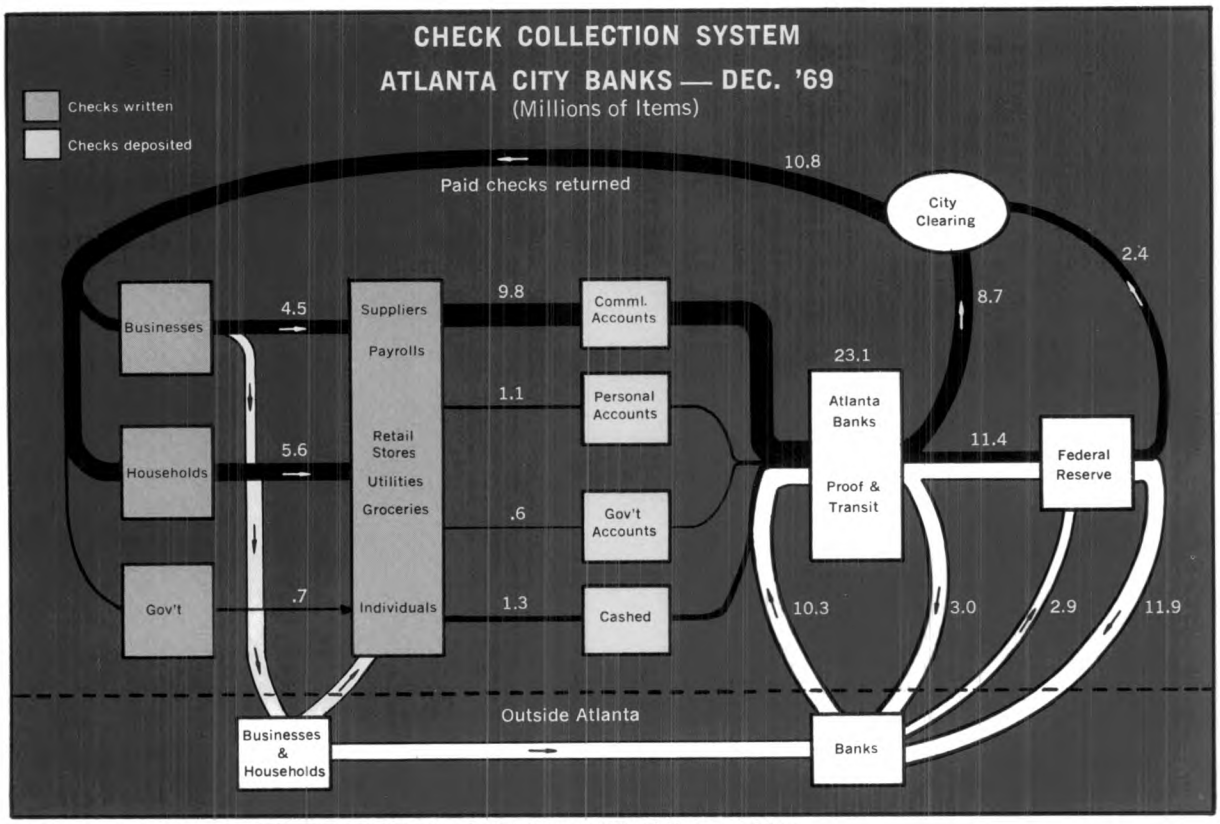
Greatest delay is outside the banking system

		Date Written to Date Deposited (number of days)	Date Deposited to Date Paid (number of days)	Endorsements (number)
Deposited in Metro Area Bank	Atlanta	4.63	1.65	2.22
	Miami	4.46	1.50	1.95
Deposited Outside Metro Area	Atlanta	6.75	2.88	3.28
	Miami	5.42	3.21	3.07

TABLE 2

CREDIT CARD USAGE ALSO INCREASES WITH INCOME LEVEL

Gross Income	Atlanta		Metropolitan Florida	
	Households per 100 Using Cards	Average Number	Households per 100 Using Cards	Average Number
Under $5,000	37.3	1.8	58.8	2.2
$5,000-9,999	74.3	3.2	85.9	4.1
$10,000-14,999	85.3	5.2	92.1	5.5
$15,000-19,999	93.3	6.2	95.7	7.6
$20,000-24,999	98.4	8.6	94.4	7.9
$25,000 and Over	96.5	9.3	96.8	9.3



Note: Federal Reserve total does not reflect clearings between Federal Reserve offices.

of checks, the use of credit cards increases as the gross income level of the household rises.

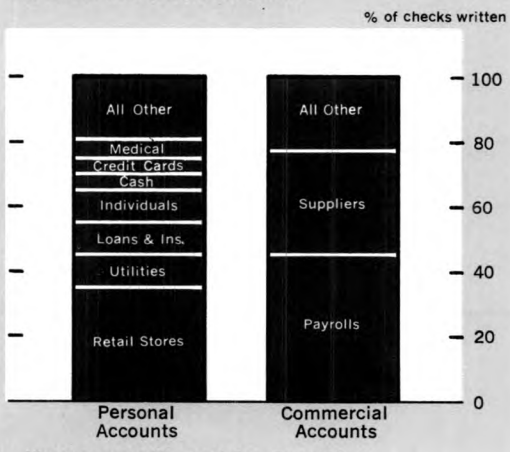
It is often thought that credit cards might reduce check volume. The study, however, found that households not having credit cards wrote fewer checks than households in the same income level that have cards. This may only indicate that users of credit cards also tend to write more checks. In any event, the rising number of cardholders could easily foreshadow a rising volume of checks and not the anticipated reduction.

Growth and Change

The growth rate of the number of checking accounts in Georgia and Florida in 1969 was already 9 percent per year. Even if this growth rate remains constant, which is not likely, the total number of demand deposit accounts would double by 1977. It seems, indeed, that overcrowding is not limited to the expressways.

This growth will undoubtedly force a change in the payments mechanism in the near future. Whether the change proceeds along the course of an improved check collection system or pursues the adoption of an automated direct funds transfer system is not yet certain. What has been established, though, is the quantitative nature of the present payments mechanism and an indication of where the changes are likely to appear first. ■

To whom are checks written?



Note: Figures cover Fla. and Ga., Dec. '69.

Where the Chickens Come Home to Roost

by Gene D. Sullivan

When the chickens come home to roost, the Sixth District states house two out of every five broilers in the United States. Just twenty years ago, the Southeast was a deficit area of production; however, since 1950, the Southeastern[1] broiler industry has grown like Topsy to become a massive supply area for the nation as a whole. Last year, over 4.3 billion pounds, or about 40 percent of U. S. production came from the Sixth District, as opposed to only 0.3 billion pounds (20 percent of the U. S. total) in 1950. Thus, an ever-increasing proportion of the region's economy is touched by the growing shadow of the broiler industry.

Factors Favoring Growth

The rapid growth of the industry in the Southeast can be attributed to several factors. A moderate climate has traditionally favored the year-round production of chickens with only a minimum of investment expenditure for shelter. Perhaps even more important was a structural change that occurred in Southeastern agriculture at the end of World War II. In the late 1940's, mechanization changes forced the area to begin a transition from its traditional position as a small-farm cotton region. Thus, large numbers of farmers on small family-sized units with basic managerial skills and a strong work incentive were looking for alternatives to cotton that would supply an adequate family income on relatively small areas of land. The broiler enterprise provided an alternative for employing large amounts of managerial labor with relatively small amounts of capital.

The Southeast has never been known as a feed-grain-producing area, but the development of cheap water transportation along the Tennessee Valley and large-scale grain handling facilities on the railroads have helped in overcoming the cost disadvantages of transporting feed grains from the Midwest. Because broilers have a higher feed conversion ratio (more pounds of meat per pound of feed consumed) than any form of commercially produced livestock, less grain has to be imported per pound of gain than for other types of animals.

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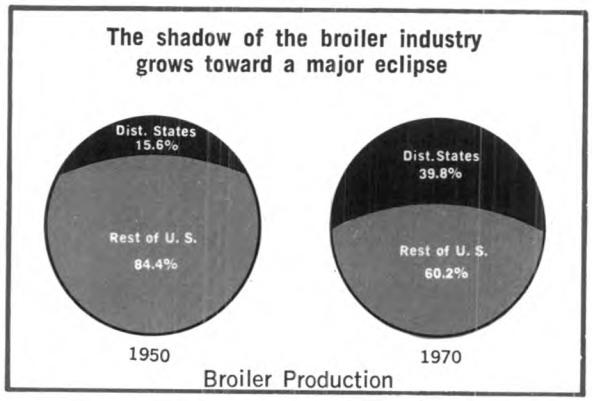
[1] *For the purpose of this article, the Southeast is defined as those states entirely or partially within the Sixth Federal Reserve District: Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee.*



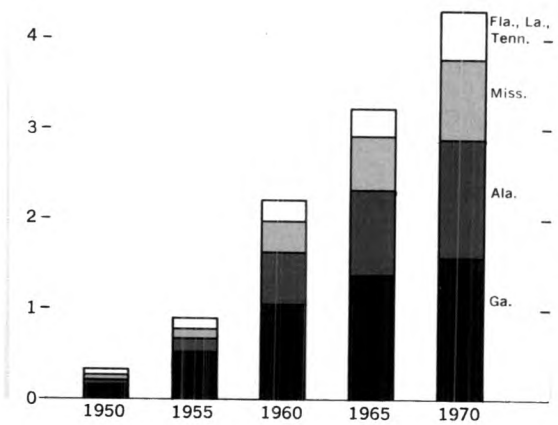
The rapidly expanding markets in the metropolitan areas of the Southeast and the proximity of the population centers along the Eastern Seaboard have provided ever-expanding nearby markets for broilers. The relatively low retail price of poultry meat has placed it well within the reach of the large numbers of low-and moderate-income people who live within the area. Then too, the outstanding palatability of broiler meat and its relative ease of preparation have established it as a mainstay of the diets of large numbers of Americans at all income levels.

Georgia Leads Output

Poultry production has grown rapidly in all District states, but Georgia has accounted for more than one-third of the total District output throughout the period since 1950. Alabama, though beginning at a lower level, experienced the most phenomenal growth rate of any District state since 1950. Alabama moved ahead of Mississippi for the second-place position and was gaining rapidly on first-place Georgia by the end of 1970. Alabama's growth rate is at least partially explained by its more immediate access to grain from the Midwest via barge transportation along the Tennessee River. Moreover, Alabama's transition from traditional small-farm row crop agriculture is more recent than that in Georgia.

Southern broiler production grows like Topsy

Billions of lbs.



Industry Organization

The broiler industry has been almost completely vertically integrated for many years; that is, breeder flocks of birds, hatcheries, feed manufacturing facilities, broiler flocks, processing plants, and distribution facilities are frequently operated under one ownership or management system. Thus, the actual production of broilers is only one phase of a rather complex production and marketing organization.

A number of integrators were basically feed manufacturers and dealers originally, but many of these concerns have now expanded into numerous other business enterprises. Thus, the integrator is frequently a large conglomerate-type business that may be engaged in a number of business activities in addition to its broiler operations.

At the present time, independent producers of broilers are almost nonexistent. Producers or growers are engaged by contract with an integrated firm in such a manner that practically all of the market risk of broiler production is transferred to the integrator.

Broiler contracts may vary widely in the specific details of the arrangements between the integrator and the grower. The basic form of the contract within the Sixth District area usually specifies that the grower provide the physical facilities, including the housing and equipment, and the actual labor for the operations. The integrator, in turn, provides the chicks, feed, and medical supplies; he decides when the chicks are placed and when they are marketed, and he assumes most of the risk of price variation and other forms of losses.

The broiler grower may receive a flat fee or share of the receipts from marketings, plus an additional allowance for feed conversion. The feed conversion allowance provides an incentive to the grower to obtain the maximum gain for each pound of feed consumed. This is accomplished by exercising all due caution that death losses are kept to a minimum and essentially that all the needs of the growing birds are provided in the most efficient manner possible, so that each group of broilers will attain their maximum potential growth rate. Under these arrangements, of course, growers are not particularly concerned about the variation in broiler prices over a given period. If sudden low prices produce losses on a particular

group of broilers, the grower may not be affected. Neither does the grower benefit by gains that may be realized as a result of sudden price increases.

Broiler Prices

During the decade of the 1950's, broiler prices at the farm plummeted. Thus, by 1961 the price was less than half the level 10 years earlier. During the 1960's, prices tended to level off, although showing a good deal of variation from year to year.

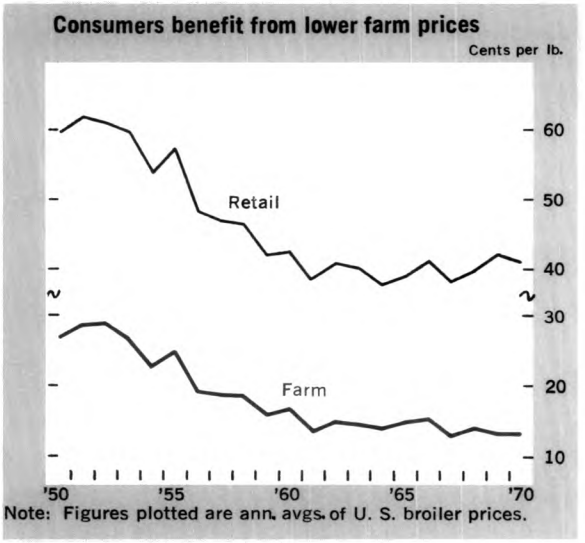
In the beginning of the period, District prices exceeded the U. S. average. Since the mid-Fifties, however—about the time the Southeast became an area of surplus production—District prices fell below the U. S. average price by about 0.5 cents per pound.

Changes in wholesale and retail prices of broilers have been rather closely related to farm price changes. (See Regression Note.) All have been sensitive to changes in physical output and variations in supplies of other types of meats. For example, a scarcity of red meats, as indicated by higher prices for beef and pork, is usually accompanied by higher broiler prices even if the supply of broilers has remained relatively constant. On the other hand, an oversupply of pork can be particularly depressing to broiler prices because the two commodities are treated as substitutes in the diets of a substantial number of consumers.

Gross Farm Income from Broilers

Though the gross farm income from broilers rose to over $500 million, approximately one-third of the U. S. total in 1970, the income growth has not kept up with production growth because of falling broiler prices. In fact, during 1970, District production increased about 7.5 percent, but gross income fell sharply because the average price of broilers declined by more than 15 percent. In order for consumers to purchase large quantities of broilers in a short period of time, it is typically true that the price must be reduced even more (by a larger percentage) than the increase in the quantity purchased. As a result, more broilers are sold but gross income declines.

Since 1966, the District's income from broilers has tended to level off, although in Florida, Louisiana, and Mississippi rapid production expan-



REGRESSION NOTE

Regression analysis was employed to determine the relationship of changes in broiler prices at the farm level, to broiler price changes at the wholesale and retail levels. The first differences of average monthly retail prices of broilers from 1950 through 1970 were regressed on the first differences of average monthly farm prices of broilers lagged from 0 to 3 months. The first differences of wholesale prices were then regressed on the first differences of farm prices, along with one- through five-month lags of the latter. Lags were employed to uncover any evidence of a delay in the response of price changes from one level to another. The best fit was obtained when the first differences of wholesale prices were regressed on the first differences of farm prices. The r^2 of .65 obtained was highly significant.

The equation giving the next best fit was a regression of the first differences of retail broiler prices on the first differences of farm broiler prices. The r^2 of .36 was also highly significant, even though less variation was explained by the regression than in the above case. The equation lagging farm price changes by one month gave a slightly lower but still highly significant r^2 of .27, suggesting that there is some delay in the response of retail prices to farm price changes.

A highly significant negative relationship was obtained between the first differences of retail broiler prices and the first differences of farm broiler prices lagged by three months. This would seem to confirm the observed cyclical nature of broiler production response to price variations. Increasing retail prices were associated with falling farm prices three months later—about the period of time required to obtain production response from a price change.

sion continues to produce growth in income. Prior to 1966, income from broilers had grown rather rapidly in all six states.

Per Capita Consumption

The growth in per capita consumption of broilers across the country has been a key factor influencing the rapid expansion of the broiler industry. Broiler consumption has increased dramatically both in the aggregate and on a per capita basis. In 1970, the consumption of broilers stood at 41.8 pounds per person, or about double the 20.6 pounds consumed per person in 1950. In other words, there has been an average annual increase of about 1.5 pounds during the last 20 years. Although the growth rate has not been constant throughout this period, the trend has been decidedly upward, with no signs of any immediate changes.

Continuous progress in marketing technology that has provided consumers with broilers of high quality on a regular basis has played an important role in increasing consumption. The conversion from the ice pack method of handling broilers to the deep chill and the quick frozen method promises to allow the product to be handled with much less bulk and to eliminate most of the seepage problems and general unattractiveness associated with melting ice in the broiler meat counter. Such improvements in preservation and handling techniques continue to enhance the attractiveness of broilers to the quality-conscious meat shopper.

Not only has broiler consumption per person increased, but broilers have made gains in at least two other important respects. In 1950, broilers accounted for about 60 percent of the total quantity of chicken consumed (including baking hens, capons, cockerels, and processed chicken products), as compared with 90 percent in 1970. Although per capita red meat consumption has also increased since 1950, broilers' share of the average person's meat diet has grown from 6 percent to 20 percent during that time.

Exports

The export market for poultry has never made up a very large percentage of the total poultry production in the United States, although it did experience a period of rapid growth at the end of the decade of the 1950's. In 1950, total exports were less than one percent of U. S. broiler production. From 1958 to 1961, however, the physical volume of exports quadrupled, growing from 58 million pounds to 247 million pounds annually. The peak year was reached in 1962, when a total of 262 million pounds of poultry were exported. This reflected nearly 4 percent of the total output of broilers in that year. At that time, the export market for broilers suffered a severe jolt, resulting from the erection of trade barriers against poultry imports by Common Market countries. Within the five-year period from 1962 to 1966, U. S. broiler exports were cut by more than 50 percent. Reduced to less than 2 percent of the total volume of U. S. production, this percentage has been maintained at approximately that level each year since.

Although the reduction in exports was not great when compared with the total volume of production in the U. S., the impact was magnified by the industry's typically exaggerated response of price to relatively small fluctuations in quantity. Thus, the industry was severely burdened by what was, in effect, a larger supply that had to be disposed of in the domestic market.

Since 1967, there has appeared to be some revival of export volume for poultry because markets have been developed in countries outside the Common Market. These markets are largely for poultry products other than whole broilers, such as low-valued parts and the meat from cull laying hens that is used in processed products. Broilers accounted for approximately two-thirds of the total exports of poultry in the peak year 1962, but their proportion has now leveled off to around 50 percent, or one-half of the total export market for poultry.

Financing

The complex integrated status of the broiler industry has led to credit and financing arrangements that are considered unusual from the standpoint of typical agricultural financing. Generally, broiler financing is divided into two segments. In one segment, the grower obtains financing for his buildings and equipment on an independent basis and under terms negotiated directly between himself and the lender. This type of financing tends to be of a long-term nature, with loans usually being secured by real estate mortgages. Repayment schedules are typically arranged to coincide with the receipt of income by the grower.

The second segment of the operation involves financing for the day-to-day production requirements in growing out a particular batch of chickens. The grower is not usually involved in obtaining credit or financing for this phase of the operation, since all of the supplies needed for production are provided by the integrator. Because the integrator is frequently a conglomerate business, the money used in the broiler production phase of the operation may come from the integrator's internally generated funds. When borrowing occurs, these large concerns typically have open lines of credit to the very large commercial banks in or adjacent to the broiler-

producing areas. The operating capital requirements of most broiler operations are often too large for the capacity of small financial institutions.

Usually, bankers themselves are not aware of how much of the credit extended through open line arrangements to a conglomerate is used to finance broiler operations. And, in most cases, the agricultural portion of these loans goes unrecognized. Nevertheless, the funds utilized in all phases of broiler operations from the breeder flocks to the dressing plants and processing facilities are undoubtedly substantial, although most escape detection.

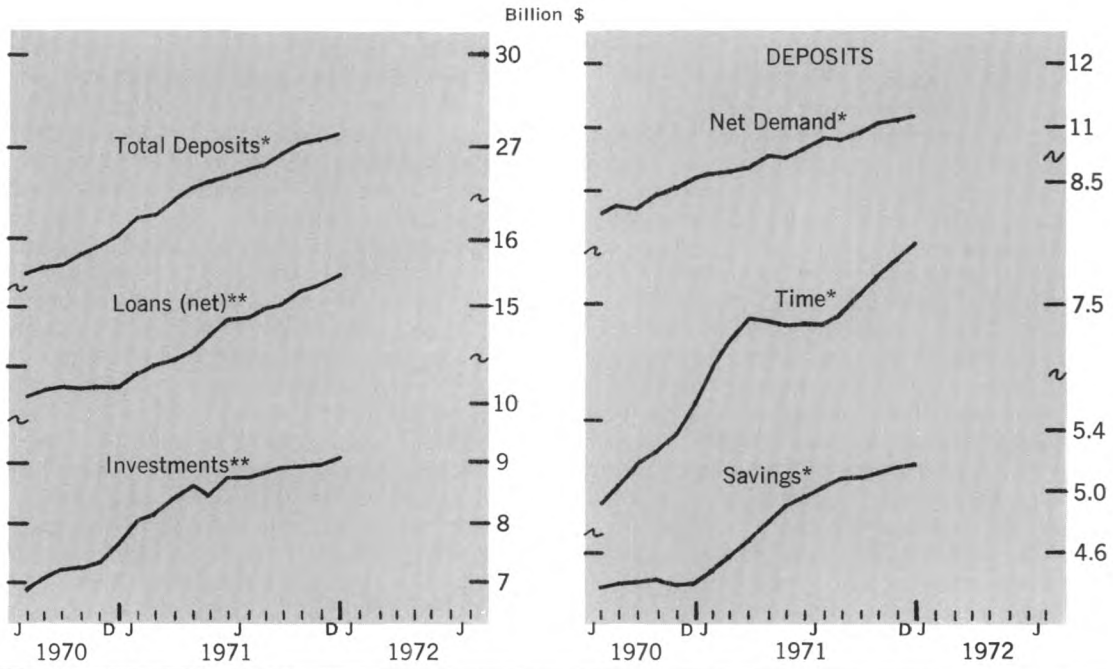
According to the most recently available figures, which primarily cover the credit obtained by growers, bank loans to poultry farmers within the District have been increasing rapidly. In the period since 1956, the number of borrowers classified as poultry farmers at commercial banks have more than doubled. The average size of loans has grown three times larger, and the total amount of credit outstanding has increased more than seven times. Although this credit information includes all forms of poultry production, the greater proportion of it probably represents loans to the District's rapidly expanding broiler producers. Thus, the evidence would indicate that bankers have found poultry loans more and more to their liking.

Future Trends

Broiler production will undoubtedly continue to increase in the Southeast as domestic markets grow rapidly and as new hope appears on the horizon that export markets may again be expanding. In addition, the market for broilers will undoubtedly benefit from the continued effects of population growth and the continuing rise in per capita meat consumption. Compared with the traditional red meats, the relatively low cost of broiler meat makes the product a prime contender for the food dollars of economy-minded consumers.

Increasing grain and protein meal production in the Southeast is already providing a growing local supply of the essential broiler feed ingredients, and this trend will probably continue. Thus, as time passes, local products may be available at some reduction in cost over ingredients that are currently shipped in from the Midwest. Continued technological advances and the excellent capital structure already established will provide a firm foundation for further growth in the broiler industry. Although profit margins are not as attractive as in earlier years and production is growing rapidly in other sections of the country, the Southeast will probably retain its position as the dominant region of broiler production for some time to come. ■

BANKING STATISTICS



LATEST MONTH PLOTTED: DECEMBER
Note: All figures are seasonally adjusted and cover all Sixth District member banks.
*Daily average figures **Figures are for the last Wednesday of each month.

SIXTH DISTRICT
BANKING NOTES

SIXTH DISTRICT MEMBER BANK TIME DEPOSITS

December 1971

	Amount (millions $)	% Change Year Ago
DISTRICT	13,292.8	+ 19.9
ALABAMA	1,995.9	+ 23.3
Anniston-Gadsden	125.8	+ 17.0
Birmingham	892.7	+ 25.1
Dothan	99.1	+ 20.3
Mobile	334.5	+ 26.8
Montgomery	356.7	+ 19.3
FLORIDA	4,954.9	+ 17.0
Jacksonville	519.8	+ 28.1
Miami	2,194.4	+ 14.0
Orlando	698.9	+ 18.9
Pensacola	117.4	+ 18.5
Tampa-St. Petersburg	1,424.4	+ 16.8
MISSISSIPPI*	643.0	+ 18.9
Jackson	401.2	+ 17.8
Hattiesburg-Laurel-Meridian	162.1	+ 23.5
Natchez	45.8	+ 17.7
GEORGIA	2,039.1	+ 17.5
Atlanta	1,292.6	+ 16.8
Augusta	209.4	+ 16.1
Columbus	154.0	+ 22.2
Macon	129.1	+ 12.7
Savannah	239.4	+ 24.2
South Georgia	73.9	+ 16.9
LOUISIANA*	1,768.6	+ 30.6
Alexandria-Lake Charles	179.9	+ 24.9
Baton Rouge	323.3	+ 38.6
Lafayette-Iberia-Houma	142.8	+ 19.7
New Orleans	1,139.2	+ 30.7
TENNESSEE*	1,891.3	+ 18.3
Chattanooga	312.7	+ 23.8
Knoxville	384.3	+ 18.8
Nashville	1,205.9	+ 17.2
Tri-Cities	133.4	+ 17.4

Note: Figures shown are for trade and banking areas, which include several counties surrounding central cities. Boundaries of some areas do not coincide with state lines.

*Represents that portion of the state in the Sixth District.

Banks in the District, as elsewhere, have experienced rapid deposit growth from interest-bearing deposits. During 1971, time deposits at District member banks advanced nearly 20 percent, whereas demand deposits other than interbank deposits rose 11 percent. Banks in Baton Rouge and New Orleans posted the strongest time deposit growth in the District. A considerable portion of this increase, however, reflected the temporary deposit of the New Orleans stadium bond proceeds into the banks.

Although all major forms of time deposits increased last year, almost 70 percent of this growth was in consumer time and savings deposits. These deposits make up about three-fourths of interest-bearing deposits at District banks. The interest rate structure on consumer-type time deposits varies with the original maturity of the deposit. And because of the competitive pressures, most banks generally pay the maximum, or close to the maximum, allowed on each type of consumer deposit.

The passbook savings account is still the mainstay of consumer-type time deposits. Slightly more than half of the dollar volume of personal and household interest-bearing accounts at District member banks are in the form of passbook savings. Moreover, all District member banks offer such savings accounts.

Country member banks have a larger share of their interest-bearing accounts in the form of passbook savings than do the larger "reserve city" banks. At the same time, country banks have increased their savings deposits more than $600 million, a gain of 20 percent. In contrast, reserve city banks reported less than a $150-million advance, only about a 12-percent rise.

At the end of last year, passbook savings rates were nearly uniform at 4.5 percent throughout most of the District, the maximum allowed. Two exceptions were noticeable, however: The larger banks in Georgia and the banks in the District portion of Mississippi paid an average of only 4 percent on savings accounts. While passbook savings deposits advanced more than 19 percent at other District banks, they rose only 4 percent at the largest Georgia banks and the Mississippi banks. In addition, while savings accounts constitute more than 40 percent of total time and savings deposits in the four other District states, in Georgia and Mississippi, savings deposits equal only about 25 percent. (The larger Georgia banks do, however, have a large proportion—nearly 25 percent—of the District's $1.2 billion in large-denomination CD's.)

Other forms of consumer time deposits are the 90-day, the one-year, and the two-year maturity time deposits. Excluding savings accounts, about one-half of the consumer time deposit accounts have a 90-day maturity and may be held in either passbook or certificate form. Currently, the "Golden Passbook" or "5 Percenters," as the passbook accounts are commonly called in many locations, make up about one-half of the total 90-day time accounts. Rates on these accounts averaged close to the 5-percent ceiling, as of late 1971.

CONSUMER TIME DEPOSITS

	Oct. '70	Oct. '71	
	Mil. $	Mil. $	% of total
Savings Deposits	4,212	4,962	52.5
90-day Time Deposits	2,019	2,324	24.6
1-year Time Deposits	927	960	10.2
2-year Time Deposits	789	1,201	12.7
Total	7,947	9,447	100.0

The remainder of the consumer time accounts are the one- and two-year maturity deposits, first offered in January 1970. According to the latest available information, the one-year maturity accounts made up about two-fifths percent of the consumer time accounts (exclusive of savings accounts) and were offered by more than 90 percent of District member banks. The average rate paid is about 5.3 percent, slightly below the 5½-percent ceiling.

The two-year-and-over maturity accounts were the most rapidly growing type of consumer time deposits last year. During that time, the volume outstanding advanced to more than $1.2 billion. Only 80 percent of the member banks offer these maturities, however. Even though the maximum allowable rate on these accounts is 5¾ percent, the District average is only 5.5 percent. Some District banks guarantee their rates for up to ten years, an important feature for the consumer when some banks are cutting their rates or not offering the longer-maturity accounts.

Throughout most of the District, the minimum initial deposit required by banks to open consumer time deposit accounts generally varies from $25 to $100, with $1,000 being the exception. Nearly all Florida banks, however, require at least $1,000 and some require up to $5,000. Consequently, Florida banks hold fewer consumer time deposits than do banks in other areas of the District.

JOHN M. GODFREY

Board of Directors

Federal Reserve Bank of Atlanta and Branches

Effective January 1, 1972

ATLANTA

Class C[1]

F. Evans Farwell—1972
President, Milliken and Farwell, Inc.
New Orleans, La.

John C. Wilson (Chairman)—1973
President, Horne-Wilson, Inc.
Atlanta, Ga.

+**H. G. Pattillo** (Deputy Chairman)—1974
President, Pattillo Construction Company, Inc.
Decatur, Ga.

BIRMINGHAM BRANCH

Appointed by Board of Governors

E. Stanley Robbins (Chairman)—1972
President, National Floor Products Company, Inc.
Florence, Ala.

David Mathews—1973
President, University of Alabama
University, Ala.

****William C. Bauer**—1974
President, South Central Bell Telephone Company
Birmingham, Ala.

Appointed by Federal Reserve Bank

Harvey Terrell—1972
Chairman, The First National Bank
Birmingham, Ala.

W. D. Malone, Jr.—1973
President and Chairman, The First National Bank
Dothan, Ala.

C. Logan Taylor—1973
Chairman, The First State Bank
Oxford, Ala.

+**W. Eugene Morgan**—1974
President, The First National Bank
Huntsville, Ala.

JACKSONVILLE BRANCH

Appointed by Board of Governors

Henry King Stanford (Chairman)—1972
President, University of Miami
Coral Gables, Fla.

Henry Cragg—1973
Vice President
The Coca-Cola Company Foods Division
Winter Park, Fla.

+**Gert H. W. Schmidt**—1974
President, TeLeVision 12 of Jacksonville
Jacksonville, Fla.

Appointed by Federal Reserve Bank

James G. Richardson—1972
Chairman and President
The Commercial Bank & Trust Company
Ocala, Fla.

Malcolm C. Brown—1973
President and Chairman
Florida First National Bank at Brent
Pensacola, Fla.

A. Clewis Howell—1973
President, Marine Bank & Trust Company
Tampa, Fla.

+**Guy W. Botts**—1974
Vice Chairman
Barnett Bank of Jacksonville, N. A.
Jacksonville, Fla.

NOTE: Expiration dates of terms occur on December 31 of the year beside each name.

[1]Nonbankers appointed by Board of Governors, Federal Reserve System
*Re-elected for three-year term

Class B[2]

Philip J. Lee—1972
Vice President, Tropicana Products, Inc.
Tampa, Fla.

Hoskins A. Shadow—1973
President, Tennessee Valley Nursery, Inc.
Winchester, Tenn.

*Owen Cooper—1974
President, Mississippi Chem. Corp. and Coastal Chem. Corp.
Yazoo City, Miss.

Class A[3]

William B. Mills—1972
President, Florida National Bank
Jacksonville, Fla.

A. L. Ellis—1973
Chairman, First National Bank
Tarpon Springs, Fla.

+**Jack P. Keith**—1974
President, First National Bank
West Point, Ga.

NASHVILLE BRANCH

Appointed by Board of Governors

+**John C. Tune, Jr.** (Chairman)—1972
Partner
Butler, McHugh, Butler, Tune and Watts
Nashville, Tenn.

James W. Long—1973
Farmer
Springfield, Tenn.

**Edward J. Boling—1974
President, The University of Tennessee
Knoxville, Tenn.

Appointed by Federal Reserve Bank

Edward C. Huffman—1972
Chairman and President
First National Bank
Shelbyville, Tenn.

Dan B. Andrews—1973
President, First National Bank
Dickson, Tenn.

+**Edward G. Nelson**—1973
Executive Vice President
Commerce Union Bank
Nashville, Tenn.

+**Thomas C. Mottern**—1974
President, Hamilton National Bank
Johnson City, Tenn.

NEW ORLEANS BRANCH

Appointed by Board of Governors

D. Ben Kleinpeter—1972
Wholesale Manager
Kleinpeter Farms Dairy, Inc.
Baton Rouge, La.

Broadus N. Butler (Chairman)—1973
President, Dillard University
New Orleans, La.

+**Fred Adams, Jr.**—1974
President, Cal-Maine Foods, Inc.
Jackson, Miss.

Appointed by Federal Reserve Bank

H. P. Heidelberg, Jr.—1972
President, Pascagoula-Moss Point Bank
Pascagoula, Miss.

Tom A. Flanagan, Jr.—1973
President, Lakeside National Bank
Lake Charles, La.

Lawrence A. Merrigan—1973
President
The Bank of New Orleans and Trust Company
New Orleans, La.

+**Archie R. McDonnell**—1974
President, The Citizens National Bank
Meridian, Miss.

MEMBER, FEDERAL ADVISORY COUNCIL
Harry Hood Bassett—1972
Chairman, The First National Bank
Miami, Fla.

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[2]Nonbankers elected by member banks
**Reappointed for three-year term

[3]Member bank representatives elected by member banks
+New member

ANNOUNCEMENT

The Federal Reserve System paid the U. S. Treasury $3,357,000,000 during 1971. Under a policy adopted by the Board of Governors at the end of 1964, the Federal Reserve Banks' net earnings (after statutory dividends to member banks and additions to surplus) are turned over to the U. S. Treasury as interest on Federal Reserve notes. The Reserve Banks' net earnings in 1971 amounted to $3,440 million; dividends, $43 million; and additions to surplus, $40 million.

Bank Announcements

JANUARY 1, 1972
BANK OF ECLECTIC
Eclectic, Alabama

Converted to par.

JANUARY 1, 1972
THE CITIZENS BANK
Enterprise, Alabama

Converted to par.

JANUARY 1, 1972
GUARANTY BANK & TRUST COMPANY
New Roads, Louisiana

Converted to par.

JANUARY 1, 1972
SAMSON BANKING COMPANY
Samson, Alabama

Converted to par.

JANUARY 5, 1972
CARROLLWOOD STATE BANK
Tampa, Florida

Opened for business as a nonmember. Officers: Charles W. Whitehead, Jr., president; and Mrs. Venita Blackhurst, vice president and cashier. Capital, $468,750; surplus and other capital funds, $281,250.

JANUARY 7, 1972
PEOPLES BANK OF BROWARD COUNTY
Fort Lauderdale, Florida

Opened for business as a nonmember. Officers: Dwight L. Rogers, chairman; C. D. Dyal, Jr., president; James H. Fowlkes, Jr., executive vice president; and Roy E. Conner, cashier. Capital, $400,000; surplus and other capital funds, $350,000.

JANUARY 10, 1972
ENTERPRISE BANKING COMPANY
Enterprise, Alabama

Converted to par.

JANUARY 18, 1972
SOUTHEAST BANK OF DADELAND
Miami, Florida

Opened for business as a nonmember. Officers: Otho B. Bruce, chairman; George F. Arata, Jr., president; and Dick E. Anderson, vice president and cashier. Capital, $500,000; surplus and other capital funds, $500,000.

JANUARY 25, 1972
FIRST BANK OF WEST PASCO
Port Richey, Florida

Opened for business as a nonmember. Officers: M. G. Kennedy, president; J. Barnett Jones, executive vice president and chief executive officer; and John H. Pelt, vice president and cashier. Capital, $385,000; surplus and other capital funds, $385,000.

Recent Publications

State Compendiums

A Review of Alabama's Economy, 1960-71, revised March 1972

A Review of Georgia's Economy, 1960-71, revised September 1971

A Review of Louisiana's Economy, 1959-71, revised December 1971

A Review of Tennessee's Economy, 1960-71, revised July 1971

Monthly Review Reprints

Liability Management Banking: Its Practice in the Sixth District
Arnold Dill, December 1971, pp. 22-31

People and Places: A Decade of Southern Change
William D. Toal, November 1971, pp. 198-204

The Treasury Debt: Someone Else's Assets
William N. Cox, III, October 1971, pp. 182-185

The Spread of International Banking: A Regional View
John E. Leimone, August 1971, pp. 142-150

Mobile Home Manufacturing: Infant Industry Grows Up
William D. Toal, July 1971, pp. 129-135

1970 Bank Holding Company Amendments: What Is "Closely Related to Banking"?
Charles D. Salley, June 1971, pp. 98-106

Selective Credit Controls: The Experience and Recent Interest
Arnold Dill, May 1971, pp. 78-86

Econometric Models: What They Are and What They Say for 1971
Frederick R. Strobel and William D. Toal, March 1971, pp. 42-51

Liability Management Banking: Its Growth and Impact
Arnold Dill, February 1971, pp. 22-31

These publications are now available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

Sixth District Statistics

Seasonally Adjusted

(All data are indexes, unless indicated otherwise.)

	Latest Month 1971		One Month Ago	Two Months Ago	One Year Ago
SIXTH DISTRICT					
INCOME AND SPENDING					
Manufacturing Payrolls	Dec.	140	137	137	131
Farm Cash Receipts	Nov.	123	116	104	88
Crops	Nov.	141	105	96	100
Livestock	Nov.	126	116	123	112
Instalment Credit at Banks* (Mil. $)					
New Loans	Dec.	414	442	411	341
Repayments	Dec.	342	364	347	338
EMPLOYMENT AND PRODUCTION					
Nonfarm Employment	Dec.	112	113	113	111
Manufacturing	Dec.	106	106	106	106
Nondurable Goods	Dec.	108	107	107	107
Food	Dec.	103	102	102	104
Textiles	Dec.	104	104	103	104
Apparel	Dec.	105	104	105	103
Paper	Dec.	107	108	107	110
Printing and Publishing	Dec.	114	115	115	113
Chemicals	Dec.	106	106	106	107
Durable Goods	Dec.	104	104	105	105
Lbr., Wood Prods., Furn. & Fix.	Dec.	101	101	101	100
Stone, Clay, and Glass	Dec.	106	106	105	107
Primary Metals	Dec.	103	103	104	106
Fabricated Metals	Dec.	112	113	112	112
Machinery	Dec.	162	162	161	161
Transportation Equipment	Dec.	103	101	101	105
Nonmanufacturing	Dec.	115	115	115	113
Construction	Dec.	110	110	108	105
Transportation	Dec.	103	101	101	105
Trade	Dec.	112	114	114	111
Fin., ins., and real est.	Dec.	120	120	120	118
Services	Dec.	118	118	118	116
Federal Government	Dec.	101	102	102	101
State and Local Government	Dec.	122	122	121	118
Farm Employment	Dec.	92	86	86	91
Unemployment Rate (Percent of Work Force)	Dec.	4.4	4.6	4.7	4.8
Insured Unemployment (Percent of Cov. Emp.)	Dec.	2.6	2.6	2.8	2.9
Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.	41.1	41.0	40.6	40.4
Construction Contracts*	Dec.	196	196	168	156
Residential	Dec.	239	231	187	175
All Other	Dec.	154	162	149	137
Electric Power Production**	Nov.	169	168	168	164
Cotton Consumption**	Nov.	86	86	87	85
Petrol. Prod. in Coastal La. and Miss.**	Jan.	120	121	120	134
Manufacturing Production	Nov.	257	258	255	243
Nondurable Goods	Nov.	222	220	219	210
Food	Nov.	176	175	175	170
Textiles	Nov.	257	255	251	237
Apparel	Nov.	269	266	266	264
Paper	Nov.	204	202	201	198
Printing and Publishing	Nov.	160	159	161	166
Chemicals	Nov.	259	257	247	270
Durable Goods	Nov.	299	304	298	283
Lumber and Wood	Nov.	193	191	190	171
Furniture and Fixtures	Nov.	181	179	177	184
Stone, Clay, and Glass	Nov.	175	175	165	168
Primary Metals	Nov.	196	199	197	207
Fabricated Metals	Nov.	250	249	250	242
Nonelectrical Machinery	Nov.	400	405	411	340
Electrical Machinery	Nov.	637	638	642	624
Transportation Equipment	Nov.	380	400	379	341
FINANCE AND BANKING					
Loans*					
All Member Banks	Dec.	165	163	160	147
Large Banks	Dec.	151	148	146	137
Deposits*					
All Member Banks	Dec.	153	152	151	133
Large Banks	Dec.	135	134	135	122
Bank Debits*/**	Dec.	344	345	342	289
ALABAMA					
INCOME					
Manufacturing Payrolls	Dec.	139	137	139	129
Farm Cash Receipts	Nov.	129	102	112	92
EMPLOYMENT					
Nonfarm Employment	Dec.	106	106	106	105
Manufacturing	Dec.	106	106	106	108
Nonmanufacturing	Dec.	106	106	106	104
Construction	Dec.	104	104	104	83
Farm Employment	Dec.	89	80	78	89
Unemployment Rate (Percent of Work Force)	Dec.	5.6	5.3	5.3	5.5
Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.	41.4	40.9	41.0	39.8
FINANCE AND BANKING					
Member Bank Loans	Dec.	163	162	157	142
Member Bank Deposits	Dec.	147	149	145	129
Bank Debits**	Dec.	299	293	285	257
FLORIDA					
INCOME					
Manufacturing Payrolls	Dec.	138	136	137	132
Farm Cash Receipts	Nov.	135	177	133	85
EMPLOYMENT					
Nonfarm Employment	Dec.	121	122	122	119
Manufacturing	Dec.	107	108	109	108
Nonmanufacturing	Dec.	124	124	124	121
Construction	Dec.	127	129	129	125
Farm Employment	Dec.	97	96	99	100
Unemployment Rate (Percent of Work Force)	Dec.	3.5	4.3	4.1	4.2
Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.	40.8	40.7	40.6	40.5
FINANCE AND BANKING					
Member Bank Loans	Dec.	182	177	172	159
Member Bank Deposits	Dec.	172	170	170	148
Bank Debits**	Dec.	373	380	374	308
GEORGIA					
INCOME					
Manufacturing Payrolls	Dec.	141	138	136	128
Farm Cash Receipts	Nov.	114	108	126	64
EMPLOYMENT					
Nonfarm Employment	Dec.	112	112	112	111
Manufacturing	Dec.	103	103	104	103
Nonmanufacturing	Dec.	116	116	116	114
Construction	Dec.	111	110	107	108
Farm Employment	Dec.	99	91	83	90
Unemployment Rate (Percent of Work Force)	Dec.	4.0	3.8	4.0	4.2
Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.	40.5	40.2	39.9	39.5
FINANCE AND BANKING					
Member Bank Loans	Dec.	156	152	152	141
Member Bank Deposits	Dec.	137	136	134	120
Bank Debits**	Dec.	404	399	395	339
LOUISIANA					
INCOME					
Manufacturing Payrolls	Dec.	128	129	129	125
Farm Cash Receipts	Nov.	126	120	89	103
EMPLOYMENT					
Nonfarm Employment	Dec.	105	105	104	104
Manufacturing	Dec.	99	98	99	100
Nonmanufacturing	Dec.	106	106	106	105
Construction	Dec.	85	82	81	86
Farm Employment	Dec.	85	75	78	80
Unemployment Rate (Percent of Work Force)	Dec.	6.8	6.8	6.8	6.6
Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.	42.0	42.3	41.9	42.0
FINANCE AND BANKING					
Member Bank Loans*	Dec.	149	147	144	130
Member Bank Deposits*	Dec.	144	144	145	124
Bank Debits*/**	Dec.	246	251	258	210
MISSISSIPPI					
INCOME					
Manufacturing Payrolls	Dec.	149	148	144	133
Farm Cash Receipts	Nov.	111	95	75	106
EMPLOYMENT					
Nonfarm Employment	Dec.	111	111	111	109
Manufacturing	Dec.	113	112	112	109
Nonmanufacturing	Dec.	110	110	110	109
Construction	Dec.	101	102	101	108
Farm Employment	Dec.	83	86	90	95

	Latest Month 1971		One Month Ago	Two Months Ago	One Year Ago
Unemployment Rate (Percent of Work Force)	Dec.	3.7	4.6	4.7	4.5
Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.	40.8	41.2	40.2	40.4
FINANCE AND BANKING					
Member Bank Loans*	Dec.	168	170	165	154
Member Bank Deposits*	Dec.	149	149	145	135
Bank Debits*/**	Dec.	330	353	331	296
TENNESSEE					
INCOME					
Manufacturing Payrolls	Dec.	145	139	139	134
Farm Cash Receipts	Nov.	170	104	98	128
EMPLOYMENT					
Nonfarm Employment	Dec.	112	112	112	110
Manufacturing	Dec.	108	107	107	107
Nonmanufacturing	Dec.	115	115	114	111
Construction	Dec.	118	115	113	106
Farm Employment	Dec.	92	84	86	86
Unemployment Rate (Percent of Work Force)	Dec.	3.9	4.1	4.4	4.7
Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.	40.8	40.5	40.5	39.9
FINANCE AND BANKING					
Member Bank Loans*	Dec.	163	162	160	149
Member Bank Deposits*	Dec.	146	145	142	129
Bank Debits*/**	Dec.	336	332	338	283

*For Sixth District area only; other totals for entire six states **Daily average basis †Preliminary data r-Revised N.A. Not available

Note: Indexes for construction contracts, cotton consumption, employment, farm cash receipts, loans, deposits, petroleum production, and payrolls: 1967=100. All other indexes: 1957-59=100.

Sources: Manufacturing production estimated by this Bank; nonfarm, mfg. and nonmfg. emp., mfg. payrolls and hours, and unemp., U.S. Dept. of Labor and cooperating state agencies; cotton consumption, U.S. Bureau of Census; construction contracts, F. W. Dodge Div., McGraw-Hill Information Systems Co.; petrol. prod., U.S. Bureau of Mines; industrial use of elec. power, Fed. Power Comm.; farm cash receipts and farm emp., U.S.D.A. Other indexes based on data collected by this Bank. All indexes calculated by this Bank.

Debits to Demand Deposit Accounts

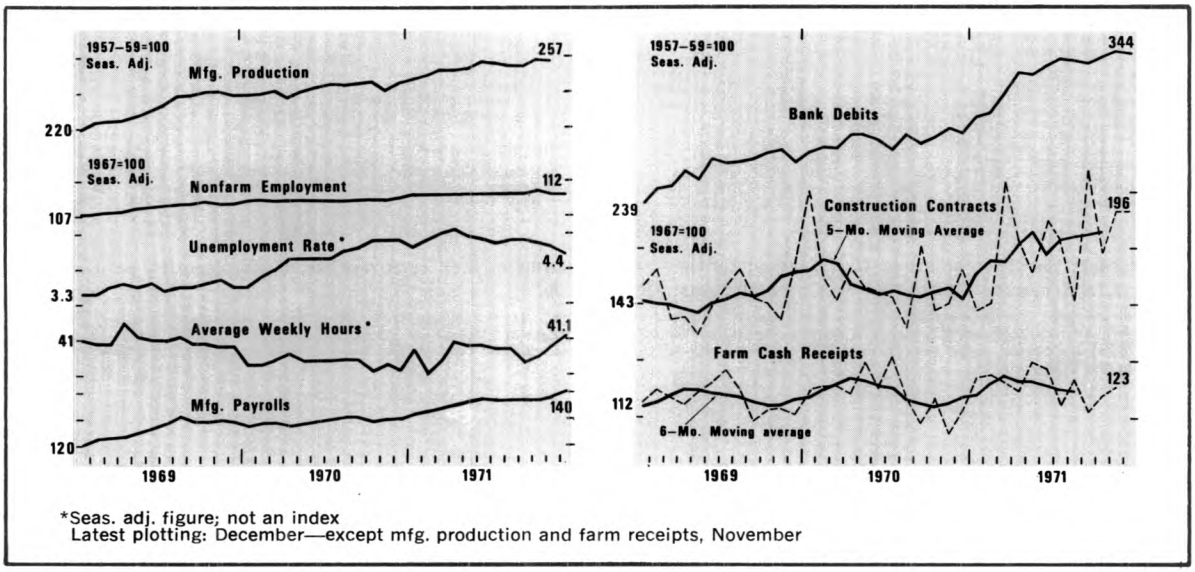
Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

	Dec. 1971	Nov. 1971	Dec. 1970	Percent Change: Dec. 1971 from Nov. 1971	Dec. 1971 from Dec. 1970	Year to Date 12 mos. 1971 from 1970
STANDARD METROPOLITAN STATISTICAL AREAS[2]						
Birmingham	2,647,599	2,427,202	2,301,729	+ 9	+15	+14
Gadsden	86,511	82,854	78,170	+ 4	+11	+13
Huntsville	287,991	259,092	247,584	+11	+16	+10
Mobile	866,841	829,819	685,712	+ 4	+26	+10
Montgomery	536,428	480,993	464,422	+12	+16	+17
Tuscaloosa	159,548	153,353	141,018	+ 4	+13	+14
Ft. Lauderdale–Hollywood	1,564,506	1,296,864	1,219,240	+21	+28	+14
Jacksonville	2,786,278	2,534,250	2,256,347	+10	+23	+20
Miami	5,424,063	4,693,009	4,708,264	+16	+15	+22
Orlando	1,224,925	1,089,281	1,015,083	+12	+21	+20
Pensacola	393,675	346,534	323,472	+14	+22	+23
Tallahassee	502,742	450,537	235,605	+12	+113	+66
Tampa–St. Pete.	3,116,269	2,721,796	2,513,506	+14	+24	+17
W. Palm Beach	876,009	779,481	778,517	+12	+13	+12
Albany	160,246	150,007	139,921	+ 7	+15	+10
Atlanta	10,704,780	9,414,017	8,660,144	+14	+21	+16
Augusta	440,484	373,995	349,627	+18	+26	+20
Columbus	391,972	376,297	334,155	+ 4	+17	+17
Macon	447,549	445,000	403,731	+ 1	+11	+15
Savannah	510,899	395,252	401,162	+29	+27	+18
Baton Rouge	975,801	899,561	821,797	+ 8	+19	+20
Lafayette	212,692	211,979	183,502	+ 0	+16	+12
Lake Charles	206,580	192,585	181,423	+ 7	+14	+10
New Orleans	3,688,732	3,269,420	3,263,373	+13	+13	+15
Biloxi–Gulfport	190,013	187,643	175,372	+ 1	+ 8	+10
Jackson	1,093,226	1,115,914	1,002,898	2	+ 9	+15
Chattanooga	1,101,485	1,051,270	967,578	+ 5	+14	+13
Knoxville	779,798	744,698	675,991	+ 5	+15	+16
Nashville	2,575,624	2,434,796	2,089,748	+ 6	+23	+13
OTHER CENTERS						
Anniston	95,391	90,465	839,962	+ 5	+14	+ 9
Dothan	124,647	120,849	97,772	+ 3	+27	+23
Selma	69,282	65,957	61,235	+ 5	+13	+ 7
Bartow	44,025	40,334	44,734	+ 9	− 2	+ 1
Bradenton	142,781	120,695	112,171	+18	+27	+16
Brevard County	286,657	274,607r	260,735	+ 4	+10	+ 3
Daytona Beach	133,681	120,368	117,367	+11	+14	+12
Ft. Myers–N. Ft. Myers	190,025	151,031	168,481	+26	+13	+19
Gainesville	178,386	164,701	142,031	+ 8	+26	+25
Lakeland	238,112	196,774	219,125	+21	+ 9	+18
Monroe County	54,261	50,741	60,358	+ 7	−10	+10
Ocala	139,085	130,720	106,681	+ 6	+30	+19
St. Augustine	33,079	26,091	27,576	+27	+20	+ 9r
St. Petersburg	732,346	658,699	603,813	+11	+21	+22
Sarasota	245,739	216,188	199,376	+14	+23	+11
Tampa	1,656,174	1,348,916	1,324,278	+23	+25	+11
Winter Haven	128,109	115,746	99,139	+11	+29	+19
Athens	146,543	132,884r	165,884	+10	−12	+31
Brunswick	86,628	70,737	66,985	+22	+29	+22
Dalton	162,092	146,286	143,529	+11	+13	+14
Elberton	18,788	16,909	20,078	+11	− 6	−13
Gainesville	102,017	101,734	102,292	+ 0	− 0	+ 5
Griffin	55,351	51,477	53,693	+ 8	+ 3	+14
LaGrange	32,616	28,938	25,358	+13	+29	+34
Newnan	47,505	38,661	36,248	+23	+31	+14
Rome	123,832	111,868	109,461	+11	+13	+13
Valdosta	85,722	74,248	75,693	+15	+13	+ 8
Abbeville	19,291	14,253	17,332	+35	+11	+ 8
Alexandria	180,262	165,367	178,611	+ 9	+ 1	+ 5
Bunkie	10,487	14,245	10,471	−26	+ 0	+ 9
Hammond	61,180	56,486	52,117	+ 8	+17	+13
New Iberia	55,123	48,282	50,461	+14	+ 9	+12
Plaquemine	15,859	15,007	17,469	+ 5	− 9	− 2
Thibodaux	36,346	35,054	33,251	+ 4	+ 9	+15
Hattiesburg	98,435	94,872	81,821	+ 4	+20	+32
Laurel	58,594	56,171r	55,208	+ 4	+ 6	+ 4
Meridian	98,391	89,853	82,676	+10	+19	+ 8
Natchez	52,037	45,040	48,739	+16	+ 7	+ 6
Pascagoula–Moss Point	120,470	108,221	96,473	+11	+25	+14
Vicksburg	60,248	65,448	64,457	− 8	− 7	+10
Yazoo City	36,982	37,727r	38,601	− 2	− 4	+ 8
Bristol	127,017	126,031	113,427	+ 1	+12	+14
Johnson City	138,967	120,507	115,135	+15	+21	+16
Kingsport	206,276	192,322	200,414	+ 7	+ 3	+ 5
District Total	57,814,110	51,906,970r	48,572,723	+11	+19	+16
Alabama‡	6,603,507	6,116,606	5,680,695	+ 8	+16	+12
Florida‡	19,916,795	17,429,167r	16,410,773	+14	+21	+19
Georgia‡	15,693,508	13,858,365	13,153,350	+13	+19	+16
Louisiana†*	6,333,226	5,724,346	5,407,682	+11	+17	+15
Mississippi†*	2,405,834	2,387,131r	2,153,311	+ 1	+12	+14
Tennessee†*	6,861,240	6,391,355	5,766,912	+ 7	+19	+14

* Includes only banks in the Sixth District portion of the state; partially estimated. ‡ Estimated Partially estimated. NA – Not available.

District Business Conditions



*Seas. adj. figure; not an index
Latest plotting: December—except mfg. production and farm receipts, November

The Southeastern economy continued to move upward. The unemployment rate dropped further, although nonfarm employment declined slightly. Residential construction moved to record levels, bolstering the economy's performance. Consumer borrowing at commercial banks increased; business loan demand was stronger than usual. Auto sales were strong, although less so than in previous months. Favorable prices, lower interest rates, and higher cash receipts spell good times for farmers.

A boost in farm employment forced the unemployment rate down further in December. Nonfarm employment, however, fell off fractionally, with a continuation of November's decline in wholesale and retail trade jobs mainly responsible for the drop. Construction employment remained robust. Manufacturing employment, particularly in the nondurable sector, posted small gains. Both the factory workweek and payrolls expanded further.

The dollar volume of residential construction contract awards in December was slightly above the record level established in November. Multiunit residences continued to account for a higher-than-usual proportion of new residential construction. The monthly value of nonresidential contracts changed little during the last five months of 1971. As 1972 began, most residential mortgage lenders were flush with funds, and interest rates on residential financing gradually declined further.

Consumer instalment credit outstanding at commercial banks showed a large expansion in December. The source of strength was in nonautomotive consumer goods credit, which includes bank credit cards. Credit growth in the auto sector was somewhat less than in November. Domestic auto sales were not as robust in December as in the previous three months.

During January, banks in some parts of the District adjusted their lending rates downward for their business customers and cut the rates paid on time and savings deposits. Deposit gains were strong in December; preliminary data indicate the trend is persisting.

Prices of farm products held steady during December, but indications are that prices of all livestock items, particularly hogs, have increased during January. Money costs have declined rapidly in recent weeks, and one large farm loan agency has announced an interest rate reduction on seasonal loans to 5.25 percent. Farm cash receipts through the first eleven months of 1971 ran $300 million over the comparable 1970 figure, with Florida accounting for nearly one-third of the District's gain.

NOTE: Data on which statements are based have been adjusted whenever possible to eliminate seasonal influences.